

Morning Brief

Daily | Oct. 4, 2022

Today's Outlook:

SUN Benchmark Mixed, amid high inflation. Indonesian manufacturing is expanding again, with S&P Global Indonesia PMI Manufacturing Sept. at level 53.7 (Vs. Aug. 51.7); should have been a positive catalyst for yesterday's trading. However, investors are watching the impact of high inflation or inflation Headline Sept. which is close to 6% YoY. On the other hand, this high inflation has made investors interested in SUN which is able to provide yields of more than 7%. Yield SUN Benchmark 5Y FR91 and Benchmark 10Y FR92 fell to 7.31% and 7.34% respectively yesterday.

Corporate Bonds

KAEF: 1H22 Performance Deteriorated. PT Kimia Farma Tbk (KAEF) recorded 1H22 sales of IDR4.43 trillion or decreased by 20.39% YoY. Gross profit was recorded at IDR1.48 trillion or decreased by 20.65% YoY compared to IDR1.86 trillion in the same period last year. Meanwhile, net profit was recorded at minus IDR205.12 billion or dropped by 256% YoY. (Emiten News)

Domestic Issue

Indonesia's Manufacturing PMI September 2022 Strongest in 8 Months. The increase in production and expansion of new domestic demand pushed up the Purchasing Manager's Index or the Indonesian Manufacturing PMI in September 2022. The Manufacturing PMI in that month was recorded at 53.7, or up from 51.7 in last August. S&P Global survey results show that Indonesia's manufacturing sector expansion rate during this period was the fastest in eight months and solid overall. (Liputan6.com)

Recommendation

Investors are watching external data. US manufacturing data, ISM Manufacturing Sept. leads to contraction, or is at the 50.9 level (Vs. Aug. 52.8); due to new orders ISM New Orders Sept. which had previously contracted to level 47.1 (Vs. Aug. 51.3). Tight monetary policy stifles manufacturing activity, pressing to the lowest level since Pre-Pandemic 2020, could force the Fed to hold back on the pace of FFR hikes. Meanwhile, a manufacturing contraction could put the US economy at risk of recession, making the UST Safe Haven instrument stronger, but with an inversion spread of UST2Y yield (4.11%) Vs. UST10Y (3.64%) is widening to near 50Bps.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	4.25%	3.75%	Real GDP	5.44%	5.01%
FX Reserve (USD bn)	132.20	132.20	Current Acc (USD bn)	0.41	4.97
Trd Balance (USD bn)	5.76	4.22	Govt. Spending Yoy	-5.24%	-7.74%
Exports Yoy	30.15%	32.03%	FDI (USD bn)	4.28	4.70
Imports Yoy	32.81%	39.86%	Business Confidence	104.82	105.33
Inflation Yoy	5.95%	4.69%	Cons. Confidence*	124.70	123.20

PRICE OF BENCHMARK SERIES

FR0090 : +1.3 Bps to 93.98 (6.68%)
FR0091 : -3.7 Bps to 93.65 (7.31%)
FR0093 : -3.7 Bps to 92.67 (7.18%)
FR0092 : -6.0 Bps to 97.75 (7.34%)

FR0086 : -0.7 Bps to 96.22 (6.71%)
FR0087 : +0.3 Bps to 94.70 (7.35%)
FR0083 : -1.1 Bps to 100.49 (7.44%)
FR0088 : -9.3 Bps to 91.25 (7.26%)

CDS of Indonesia Bonds

CDS 2yr: -1.79% to 68.83
CDS 5yr: -0.99% to 159.74
CDS 10yr: -1.24% to 223.73

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.34%	-0.03%
USDIDR	15,303	0.49%
KRWIDR	10.61	-0.21%

Global Indices

Index	Last	Chg.	%
Dow Jones	29,490.89	765.38	2.66%
S&P 500	3,678.43	92.81	2.59%
FTSE 100	6,908.76	14.95	0.22%
DAX	12,209.48	95.12	0.79%
Nikkei	26,215.79	278.58	1.07%
Hang Seng	17,079.51	(143.32)	-0.83%
Shanghai	3,024.39	0.00	0.00%
KOSPI	2,155.49	0.00	0.00%
EIDO	23.56	0.24	1.03%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,699.9	39.3	2.37%
Crude Oil (\$/bbl)	83.63	4.14	5.21%
Coal (\$/ton)	401.50	(32.20)	-7.42%
Nickel LME (\$/MT)	21,258	151.0	0.72%
Tin LME (\$/MT)	20,059	(575.0)	-2.79%
CPO (MYR/Ton)	3,426	10.0	0.29%

Global & Domestic Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	ID	07:30	S&P Global Indonesia PMI Mfg	Sept.	53.7	--	51.7
3 - Oct.	ID	11:00	CPI YoY	Sept.	5.95%	6.00%	4.69%
	ID	11:00	CPI MoM	Sept.	1.17%	1.17%	-0.21%
	ID	11:00	CPI Core YoY	Sept.	3.21	3.50%	3.04%
	ID	11:00	CPI Core YoY	Sept.	3.21	3.50%	3.04%
Tuesday	EC	16:00	PPI MoM	Aug.		--	4.0%
4 - Oct.	EC	16:00	PPI YoY	Aug.		--	37.9%
	US	21:00	Factory Orders	Aug.		0.2%	-1.0%
	US	21:00	Durable Goods Orders	Aug. F		--	-0.2%
	US	21:00	Durable Goods Orders	Aug. F		--	-0.2%
Wednesday	US	18:00	MBA Mortgage Applications	Sept. 30		--	-3.7%
5 - Oct.	US	19:15	ADP Employment Change	Sept.		200K	132K
	US	19:30	Trade Balance	Aug.		-\$67.9Bn	-\$70.7Bn
	US	20:45	S&P Global US Composite PMI	Sept. F		--	49.3
	US	20:45	S&P Global US Composite PMI	Sept. F		--	49.3
Thursday	GE	13:00	Factory Orders MoM	Aug.		-0.5%	-1.1%
6 - Oct.	EC	16:00	Retail Sales MoM	Aug.		-0.4%	0.3%
	US	19:30	Initial Jobless Claims	Oct. 1		--	193K
	US	19:30	Continuing Claims	Sept. 24		--	1,347K
	US	19:30	Continuing Claims	Sept. 24		--	1,347K
Friday	US	19:30	Change in NonFarm Payrolls	Sept.		250K	315K
7 - Oct.	US	19:30	Change in Manufact. Payrolls	Sept.		20K	22K
	US	19:30	Unemployment Rate	Sept.		3.7%	3.7%
	US	21:00	Wholesale Inventories MoM	Aug. F		--	1.3%
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Source: Bloomberg

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